International Seabed Authority

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Finance Committee

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Status of the voluntary trust fund for the purpose of defraying the cost of participation of members of the Legal and Technical Commission from developing countries and members of the Finance Committee from developing countries in the meetings of the Commission and of the Committee, and related matters

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Report of the Secretary-General

1. In its decision ISBA/8/A/11, adopted at its eighth session, in 2002, the Assembly of the International Seabed Authority requested that the Secretary-General establish, as an interim measure, a voluntary trust fund for the purpose of defraying the cost of participation of members of the Legal and Technical Commission from developing countries and members of the Finance Committee from developing countries in the meetings of the Commission and of the Committee. The attendance of members at those meetings has played an important role in supporting decision-making and the proper administration of the Authority.

2. As at 9 May 2018, the cumulative total of contributions to the voluntary trust fund amounted to $700,570. In 2018, contributions were made by Argentina ($5,000) on 2 March, China ($20,000) on 17 April and the United Kingdom of Great Britain and Northern Ireland ($13,969) on 1 May. The total expenditure from the fund amounted to $895,228, while expenditure during the period from 1 January 2017 to 9 May 2018 came to $183,956, leaving an available balance of $12,357. The status of the voluntary trust fund as at 9 May 2018 is summarized in the table below.

* ISBA/24/FC/L.1.

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Status of the voluntary trust fund as at 9 May 2018

(United States dollars)

Contributions	700 570
Grants from the Pioneer Fund/Endowment Fund	195 000
Interest income	12 015
Total income	**907 585**
Expenditure for participants and authorized activities	894 610
Bank charges	618
Total expenditure	**895 228**
Total funds available	**12 357**

3. The table above clearly shows the critical state of the voluntary trust fund in 2017 and 2018.

4. At present, 14 members of the Legal and Technical Commission and 7 members of the Finance Committee are eligible for support from the voluntary trust fund. If all eligible members requested support, the total expenditure would amount to approximately $216,000 per annum. The average actual usage of the fund, based on one set of meetings held by the Finance Committee and two separate sets of meetings held by the Legal and Technical Commission per year, amounts to approximately $170,000 per annum.

5. During part I of the Council session, in March 2018, the Secretary-General drew the attention of all delegations to the situation of the fund. Two appeals for contributions to the fund were circulated by note verbale, on 21 March and 2 May 2018, respectively.

6. Pending any further contributions to the fund, and as an exceptional measure, the Secretary-General invites the Finance Committee to consider two possible solutions to ensure that the Fund is adequately endowed, in particular during the period 2019–2020, when the Authority will be developing the regulatory regime for the exploitation of mineral resources in the Area, and it will be important to ensure broad representation of the members of the Authority in its work.

7. The first option would be for the Finance Committee to authorize the Secretary-General to transfer up to $100,000 per year in 2019 and 2020 from the income generated by overhead charges paid by contractors. With 29 contracts for exploration, that income is estimated at $1,363,000 for 2018 and $1,363,000 for 2019, without taking into account the additional income that the proposed increase in overhead charges would generate. Transferring $100,000 (7.3 per cent) of that income would have a negligible impact on the income and expenditure of the Authority and would ensure the effective functioning of the Commission and the Committee during a critical period for the Authority.

8. An alternative proposal would be to authorize the Secretary-General, on an exceptional basis and as a temporary measure, to transfer up to $100,000 from the accumulated surplus funds of the Authority, comprising savings from previous budgets and miscellaneous or unplanned income. This measure could be reviewed again in 2019, without prejudice to any further decisions.

9. The Finance Committee is invited to make a recommendation to the Assembly, taking into consideration the critical state of the voluntary trust fund and the need to ensure full participation in the work of the Legal and Technical Commission and the Finance Committee.